REMARKS

In the Office Action identified above, the Examiner rejected claims 1, 8-10, 17, and 24-28 under 35 U.S.C. § 103(a) as being unpatentable over Buchanan et al. (U.S. Patent No. 5,950,179) in view of Applicant's specification; and rejected claims 2-7, 11-16, and 18-23 under 35 U.S.C. § 103(a) as being unpatentable over Buchanan et al. and Applicant's specification in view of Gopinathan et al. (U.S. Patent No. 5,819,226).

By this amendment, Applicant has amended claims 1, 2, 4, 10, 11, 13, 17, 18, and 20. Claims 1-28 remain pending. For the following reasons, Applicant respectfully traverses the Examiner's rejections under 35 U.S.C. § 103.

I. The Rejections of Claims 1, 8-10, 17, and 24-28 Under 35 U.S.C. § 103.

Claims 1, 8-10, 17, and 24-28 were rejected under 35 U.S.C. § 103(a) as being unpatentable over Buchanan et al. in view of Applicant's specification. Applicant respectfully traverses this rejection because the Examiner has failed to establish a *prima facie* case of obviousness.

To establish a *prima facie* case of obviousness, three basic criteria must be met. First, the prior art reference (or references when combined) must teach or suggest all the claim elements. Furthermore, "[a]ll words in a claim must be considered in judging the patentability of that claim against the prior art." *See* M.P.E.P. § 2143.01 (8th Ed., Aug. 2001), quoting *In re Wilson*, 424 F.2d 1382, 1385, 165 U.S.P.Q. 494, 496 (C.C.P.A. 1970). Second, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify a reference or to combine reference teachings. Finally, there must be

a reasonable expectation of success. *See* M.P.E.P. § 2143 (8th Ed. 2001), pp. 2100-122 to 127.

Claim 1 recites a combination including, *inter alia*, "electronically identifying an account for potential check kiting based on payments made to the account that made or would make an outstanding balance of the account to exceed a predetermined limit" and "reviewing account transactions of the identified account to determine whether check kiting has been made on the account." These elements of claim 1 are not taught or suggested by Buchanan et al.

The Examiner admits that Buchanan et al. fails to teach or suggest "potential fraud based on payments made to the account that made or would make an outstanding balance of the account to exceed a predetermined limit." (OA at 3). Therefore, Buchanan et el. certainly fails to teach or suggest "electronically identifying an account for potential check kiting based on payments made to the account that made or would make an outstanding balance of the account to exceed a predetermined limit" and "reviewing account transactions of the identified account to determine whether check kiting has been made on the account," as recited in claim 1.

Moreover, in contrast to the Examiner's allegations, Applicant's specification does not teach or suggest these recitations. The Examiner, without any explanation, alleges that these recitations are disclosed in pages 1-3 of Applicant's specification. Id. Applicant respectfully traverses the Examiner's characterization. Applicant's background section generally discusses the problem of check kiting and how systems at the time of Applicant's invention were inadequate for preventing check kiting. However, Applicant's background section cited by the Examiner fails to teach or suggest

"electronically identifying an account for potential check kiting based on payments made to the account that made or would make an outstanding balance of the account to exceed a predetermined limit" and "reviewing account transactions of the identified account to determine whether check kiting has been made on the account," as recited in claim 1. Since the cited references fail to teach each and every element required by claim 1, no *prima facie* case of obviousness has been made out with respect to this claim.

Furthermore, Applicant calls attention to M.P.E.P. § 2143.01, which makes clear that a "prior art reference must be considered in its entirety, i.e., as a whole, including portions that would lead away from the claimed invention." Certainly, as noted in M.P.E.P. § 2143.01, "[i]f the proposed modification or combination of the prior art would change the principle of operation of the prior art invention being modified, then the teachings of the references are not sufficient to render the claims *prima facie* obvious." Accordingly, the Examiner has not shown why a skilled artisan would have altered Buchanan et al.'s system, which is not concerned with preventing fraud, as alleged. Indeed, Buchanan et al. teaches a method and system for issuing a secured credit card that has a "credit card processor 84 [that] rejects any transaction that would place the credit card balance over the credit limit." (Col. 6, lines 65-67). Therefore, modifying Buchanan et al. to "[restrict] the identified account when it has been determined that check kiting has been made on the account," as recited in claim 1 would change the principle of operation of the prior art invention being modified. Finally, the Examiner has not established that there would be a reasonable expectation of success in modifying

Buchanan et al. as alleged. For at least these additional reasons, no *prima facie* case of obviousness has been established and claim 1 is allowable over the cited references.

Claims 10 and 17, although of different scope, include recitations similar to those discussed above with regard to claim 1. As explained, the cited art does not support the rejection of claim 1. Accordingly, the cited art also does not support the rejection of claims 10 and 17 for at least the same reasons discussed above in connection with claim 1. Applicant, therefore, requests the Examiner to withdraw the rejection of claims 10 and 17 and allow the claims.

Claims 8, 9, and 24-28 depend from claims 1, 10, or 17. As explained, the cited art does not support the rejection of claims 1, 10, and 17. Accordingly, claims 8, 9, and 24-28 are distinguishable from the cited art for at least the same reasons discussed above in connection with independent claims 1, 10, and 17. Applicant, therefore, respectfully requests that the rejection of these claims under 35 U.S.C. § 103(a) be withdrawn and the claims allowed.

Additionally, the Examiner admits that Buchanan et al. and Applicant's specification do not teach or suggest the elements of claims 26-28. To compensate for this shortcoming, the Examiner takes Official Notice that such processes are "well known in the art" and it would have been obvious to one of ordinary skill in the art at the time the invention was made to "include the well known feature above [claims 26-28] for the purpose [of] tracking the payments made by the customer in order to [reduce] fraud on a credit card account thus minimizing the risk for the credit card issuer." (OA at 4).

Applicant traverses the Examiner's taking of Official Notice that the above-noted recitations of claims 26-28 are well known. An Official Notice rejection is improper

unless the facts asserted are well-known or common knowledge in the art, and capable of instant and unquestionable demonstration as being well-known. See M.P.E.P. § 2144.03, the procedures set forth in the Memorandum by Stephen G. Kunin, Deputy Commissioner for Patent Examination Policy dated February 21, 2002, and the precedents provided in *Dickinson v. Zurko*, 527 U.S. 150, 50 U.S.P.Q.2d 1930 (1999) and *In re Ahlert*, 424 F.2d, 1088, 1091, 165 U.S.P.Q. 418, 420 (CCPA 1970). Further, any facts asserted as well-known should serve only to "fill in the gaps" in an insubstantial manner. It is never appropriate to rely solely on "common knowledge" without evidentiary support in the record as the principal evidence upon which a rejection is based. Applicant submits that the recitations recited in claims 26-28 are not unquestionably well-known, and the Examiner has failed to demonstrate the contrary. Applicant submits that determining how many good payments the customer has made within a predetermined time period during the review of an account identified for potential check kiting is not well known. Accordingly, Applicant traverses the Official Notice and requests that the Examiner either cite a competent prior art reference in substantiation of these conclusions, or else withdraw the rejection.

Further, Applicant reminds the Examiner of the following provision set forth in M.P.E.P. § 2144.03:

> [w]hen a rejection is based on facts within the personal knowledge of the examiner, the data should be stated as specifically as possible, and the facts must be supported, when called for by the applicant, by an affidavit from the examiner. Such an affidavit is subject to contradiction or explanation by the affidavits of the applicant and other persons.

To the extent the Examiner is relying on personal knowledge in taking Official Notice that the features of claims 26-28 are well known, Applicant requests that the Examiner provide an affidavit evidencing such knowledge as factually based and legally competent to support the Examiner's conclusions. For these additional reasons, Applicant requests that the rejection of claims 26-28 under 35 U.S.C.§ 103(a) be withdrawn and the claims allowed.

II. The Rejections of Claims of 2-7, 11-16, and 18-23 Under 35 U.S.C. § 103

Claims 2-7, 11-16, and 18-23 depend from claims 1, 10, or 17. As explained, claims 1, 10, and 17 are distinguishable from Buchanan et al. and Applicant's specification. Accordingly, claims 2-7, 11-16, and 18-23 are also distinguishable from these references for at least the same reasons set forth for claims 1, 10, or 17.

Moreover, Gopinathan et al. does not make up for the deficiencies of Buchanan et al. and Applicant's specification. Gopinathan et al. discloses a system that detects fraudulent transactions using a predictive model such as a neural network to evaluate individual customer accounts and identify potential fraudulent transactions. (Abstract). The reference does not, however, teach or suggest identifying an account for potential check kiting based on payments to the account that made or would make an outstanding balance of the account to exceed a predetermined limit, as recited in claims 1, 10, and 17. Indeed, the Examiner merely cites Gopinathan et al. for a teaching of flagging the account for review when there is potential fraud and comparing a fraud score to a threshold value. (OA at 5-6). Applicant, therefore, respectfully requests that the rejection of claims 2-7, 11-16, and 18-23 under 35 U.S.C. § 103(a) be withdrawn and the claims allowed.

Further, Buchanan et al., Applicant's specification, and Gopinathan et al. do not teach or suggest the recitations of claim 2. For example, the Examiner asserts that Buchanan et al. teaches all of the recitations of claim 2, except for determining whether the bad payment made an outstanding balance of the account over a predetermined limit; determining whether an outstanding payment would make the outstanding balance of the account over the predetermined limit if the payment is bad; and flagging the account for review when the bad payment made the outstanding balance of the account over the predetermined limit or the outstanding payment would make the outstanding balance of the account over the predetermined limit if it is bad. To compensate for these shortcomings, the Examiner relies on Applicant's specification and Gopinathan et al. (*See* OA at 5). Applicant disagrees.

As explained above, Gopinathan et al. discloses a system that detects fraudulent transactions using a predictive model such as a neural network to evaluate individual customer accounts and identify potential fraudulent transactions. The reference, however, fails to teach or suggest a process for identifying an account for potential check kiting based on payments made to the account, as recited in claim 2. For example, Gopinathan et al. does not teach or suggest the claimed elements of determining whether the bad payment made an outstanding balance of the account over a predetermined limit; determining whether an outstanding payment would make the outstanding balance of the account over the predetermined limit if the payment is bad; and flagging the account for review when the bad payment made the outstanding balance of the account over the predetermined limit or the outstanding payment would make the outstanding balance of the account over the predetermined limit if the

outstanding payment is bad. Indeed, as discussed above, Gopinathan et al. provides an automated system for detecting fraudulent transactions using a predictive model. The Examiner merely uses Gopinathan et al. to show flagging the account for review when there is potential fraud, but makes no attempt to show where the reference teaches the check kiting detection recitations of claim 2. In addition, the Examiner only cites Applicant's specification for allegedly teaching "potential fraud based on payments made to the account that made or would make an outstanding balance of the account to exceed a predetermined limit," but makes no attempt to show where the cited portion of Applicant's specification teaches the check kiting detection recitations of claim 2 Id.

Additionally, the Examiner admits that Buchanan et al., Applicant's specification, and Gopinathan et al. do not teach or suggest determining whether the bad payment made an outstanding balance of the account over a predetermined limit and determining whether an outstanding payment would make the outstanding balance of the account over the predetermined limit if the payment is bad. Id. To compensate for this shortcoming, the Examiner appears to take Official Notice that such processes are "well known in the art," and it would have been obvious to one of ordinary skill in the art at the time the invention was made to "[determine] whether the bad payment or the outstanding payment made an outstanding balance of the account over a predetermined limit." Id.

Applicant traverses the Examiner's taking of Official Notice that the above-noted recitations of claim 2 are well known. As noted above, Official Notice rejection is improper unless the facts asserted are well-known or common knowledge in the art, and capable of instant and unquestionable demonstration as being well-known. Applicant

submits that the recitations recited in claim 2 are not unquestionably well-known, and the Examiner has failed to demonstrate the contrary. Accordingly, Applicant traverses the Official Notice and requests that the Examiner either cite a competent prior art reference in substantiation of these conclusions, or else withdraw the rejection. Applicant respectfully notes that Applicant has traversed the Examiner's taking of Official Notice with regard to claim 2 multiple times and the Examiner has yet to provide a reference supporting the Examiner's characterizations. The same arguments as above in reference to claim 2 also apply to claims 3 and 4.

Applicant also traverses the Examiner's assertion that Buchanan et al., Applicant's specification, and Gopinathan et al. teach or suggest the recitations of claims 5-7. In addition to the reasons set forth in connection with claim 1, these references do not teach or suggest comparing the number of good payments made on the account to a good payment threshold; determining an over limit credit amount that an outstanding balance of the account has exceeded a predetermined limit at a specific time; determining a total over credit amount by totaling each over limit credit amount during a predetermined time period; comparing the total over limit credit amount with an over limit threshold; and restricting the account when the number of good payments is less than the good payment threshold and the total over the limit credit amount is greater than the over limit threshold, as recited in claim 5. In fact, the Examiner failed to address all of the recitations of these claims in the Office Action, such as "comparing the number of good payments made on the account to a good payment threshold." Accordingly, the rejections of these claims is legally deficient and should be withdrawn.

Additionally, the Examiner admits that Buchanan et al., Applicant's specification, and Gopinathan et al. do not teach or suggest determining number of good, bad payments, and an over limit credit amount during a predetermined time, as recited in claim 5. To compensate for this shortcoming, the Examiner appears to take Official Notice that such processes are "well known in the art," and it would have been obvious to one of ordinary skill in the art at the time the invention was made to determine "a number of good, bad payments, and an over limit credit amount during a predetermined time period." (OA at 6).

Applicant traverses the Examiner's taking of Official Notice that the above-noted recitations of claim 5 are well known. Again, Official Notice rejection is improper unless the facts asserted are well-known or common knowledge in the art, and capable of instant and unquestionable demonstration as being well-known. Applicant submits that the recitations recited in claim 5 are not unquestionably well-known, and the Examiner has failed to demonstrate the contrary. Accordingly, Applicant traverses the Official Notice and requests that the Examiner either cite a competent prior art reference in substantiation of these conclusions, or else withdraw the rejection.

Accordingly, because the Examiner has not demonstrated that the cited references teach or suggest the recitations of claim 5, nor provides any other evidence to support the position that these recitations are obvious other than personal conclusions, Applicant requests that the rejection of these claims under 35 U.S.C. § 103(a) be withdrawn and the claims allowed. The same arguments apply to claims 6 and 7.

Claims 11-16 and 18-23, although of different scope, include recitations similar to those discussed above with regard to claims 2-7. As explained, the cited art does not support the rejection of claims 2-7. Accordingly, the cited art also does not support the rejection of claims 11-16 and 18-23 for at least the same reasons discussed above in connection with claims 2-7. Applicant, therefore, requests the Examiner to withdraw the rejections of claims 11-16 and 18-23 for these additional reasons and allow the claims.

III. Conclusion

In view of the foregoing amendments and remarks, Applicant respectfully requests reconsideration and reexamination of this application and the timely allowance of the pending claims.

Please grant any extensions of time required to enter this response and charge any additional required fees to our deposit account 06-0916.

Respectfully submitted,

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Dated: June 16, 2006

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